

House File 310 - Introduced

HOUSE FILE 310
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 13)

A BILL FOR

1 An Act relating to municipal utilities, by restricting the
2 regulatory authority of the Iowa utilities board with
3 regard to certain services, and authorizing city utilities
4 to require deposits for gas or electric services for
5 residential rental properties.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 384.84, subsection 3, Code 2017, is
2 amended to read as follows:

3 3. a. A city utility or enterprise service to a property
4 or premises, including services of sewer systems, storm water
5 drainage systems, sewage treatment, solid waste collection,
6 water, solid waste disposal, or any of these services, may be
7 discontinued or disconnected if the account for the service
8 becomes delinquent. Gas or electric service provided by a city
9 utility or enterprise shall be discontinued or disconnected
10 only as provided by [section 476.20](#), subsections 1 through 4,
11 and discontinuance or disconnection of those services ~~are~~
12 is subject to rules adopted by the utilities board of the
13 department of commerce.

14 b. If more than one city utility or enterprise service is
15 billed to a property or premises as a combined service account,
16 all of the services may be discontinued or disconnected if the
17 account becomes delinquent.

18 c. A city utility or enterprise service to a property or
19 premises shall not be discontinued or disconnected unless prior
20 written notice is sent, by ordinary mail, to the account holder
21 in whose name the delinquent rates or charges were incurred,
22 informing the account holder of the nature of the delinquency
23 and affording the account holder the opportunity for a hearing
24 prior to discontinuance or disconnection of service. If the
25 account holder is a tenant, and if the owner or landlord of the
26 property or premises has made a written request for notice, the
27 notice shall also be given to the owner or landlord. If the
28 account holder is a tenant and requests a change of name for
29 service under the account, such request shall be sent to the
30 owner or landlord of the property if the owner or landlord has
31 made a written request for notice of any change of name for
32 service under the account to the rental property.

33 d. (1) If a delinquent amount is owed by an account
34 holder for a utility service associated with a prior property
35 or premises, a city utility, city enterprise, or combined

1 city enterprise may withhold service from the same account
2 holder at any new property or premises until such time as
3 the account holder pays the delinquent amount owing on the
4 account associated with the prior property or premises. A city
5 utility, city enterprise, or combined city enterprise shall not
6 withhold service from, or discontinue or disconnect service
7 to, a subsequent owner who obtains fee simple title of the
8 prior property or premises unless such delinquent amount has
9 been certified in a timely manner to the county treasurer as
10 provided in [subsection 4](#), paragraph "a", subparagraphs (1) and
11 (2).

12 (2) Delinquent amounts that have not been certified in
13 a timely manner to the county treasurer are not collectible
14 against any subsequent owner of the property or premises.

15 e. (1) A legal entity created pursuant to [chapter 28E](#)
16 by a city or cities, or other political subdivisions, and
17 public or private agencies for the purposes of providing
18 wastewater, sewer system, storm water drainage, or sewage
19 treatment services shall have the same powers and duties as a
20 city utility or enterprise under [this subsection](#) with respect
21 to account holders and subsequent owners, or with respect to
22 properties and premises, associated with a delinquent account
23 under [this subsection](#).

24 (2) The governing body of a city utility, combined city
25 utility, city enterprise, or combined city enterprise may
26 enter into an agreement with a legal entity described in
27 subparagraph (1) to discontinue or disconnect water service
28 to a property or premises if an account owed the legal entity
29 for wastewater, sewer system, storm water drainage, or sewage
30 treatment services provided to that customer's property or
31 premises becomes delinquent. The customer shall be responsible
32 for all costs associated with discontinuing or disconnecting
33 and reestablishing water service disconnected pursuant to this
34 paragraph "e".

35 (3) This paragraph "e" shall not apply to a property or

1 premises if, prior to July 1, 2015, the account holder for
2 that property or premises had an established account with a
3 legal entity described in subparagraph (1) for the provision
4 of wastewater, sewer system, storm water drainage, or sewage
5 treatment services to the property or premises.

6 *f.* (1) A legal entity providing wastewater, sewer system,
7 storm water drainage, or sewage treatment services to a city or
8 cities or other political subdivisions pursuant to a franchise
9 or other agreement shall have the same powers and duties as a
10 city utility or enterprise under *this subsection* with respect
11 to account holders and subsequent owners, or with respect to
12 properties and premises, associated with a delinquent account
13 under *this subsection*.

14 (2) The governing body of a city utility, combined city
15 utility, city enterprise, or combined city enterprise may
16 enter into an agreement with a legal entity described in
17 subparagraph (1) to discontinue or disconnect water service
18 to a property or premises if an account owed the legal entity
19 for wastewater, sewer system, storm water drainage, or sewage
20 treatment services provided to that customer's property or
21 premises becomes delinquent. The customer shall be responsible
22 for all costs associated with discontinuing or disconnecting
23 and reestablishing water service disconnected pursuant to this
24 paragraph "f".

25 (3) This paragraph "f" shall not apply to a property or
26 premises if, prior to July 1, 2015, the account holder for
27 that property or premises had an established account with a
28 legal entity described in subparagraph (1) for the provision
29 of wastewater, sewer system, storm water drainage, or sewage
30 treatment services to the property or premises.

31 Sec. 2. Section 384.84, subsection 4, paragraphs b and e,
32 Code 2017, are amended to read as follows:

33 *b.* The lien under paragraph "a" may be imposed upon a
34 property or premises even if a city utility or enterprise
35 service to the property or premises has been or may be

1 discontinued or disconnected as provided in [this section](#).

2 e. Residential rental property where a charge for any of the
3 services of sewer systems, storm water drainage systems, sewage
4 treatment, solid waste collection, and solid waste disposal
5 is paid directly to the city utility or enterprise by the
6 tenant is exempt from a lien for delinquent rates or charges
7 associated with such services if the landlord gives written
8 notice to the city utility or enterprise that the property
9 is residential rental property and that the tenant is liable
10 for the rates or charges. A city utility or enterprise may
11 require a deposit not exceeding the usual cost of ninety days
12 of the services of gas, electric, sewer systems, storm water
13 drainage systems, sewage treatment, solid waste collection, and
14 solid waste disposal to be paid to the utility or enterprise.
15 Upon receipt, the utility or enterprise shall acknowledge the
16 notice and deposit. A written notice shall contain the name
17 of the tenant responsible for the charges, the address of the
18 residential rental property that the tenant is to occupy, and
19 the date that the occupancy begins. A change in tenant shall
20 require a new written notice to be given to the city utility or
21 enterprise within thirty business days of the change in tenant.
22 When the tenant moves from the rental property, the city
23 utility or enterprise shall return the deposit if the charges
24 for the services of gas, electric, sewer systems, storm water
25 drainage systems, sewage treatment, solid waste collection,
26 and solid waste disposal are paid in full. A change in the
27 ownership of the residential rental property shall require
28 written notice of such change to be given to the city utility
29 or enterprise within thirty business days of the completion
30 of the change of ownership. The lien exemption for rental
31 property does not apply to charges for repairs related to a
32 service of sewer systems, storm water drainage systems, sewage
33 treatment, solid waste collection, and solid waste disposal if
34 the repair charges become delinquent.

35 Sec. 3. Section 384.84, subsection 8, paragraphs b and c,

1 Code 2017, are amended to read as follows:

2 *b.* Two or more city utilities, combined utility systems,
3 city enterprises, or combined city enterprises, including city
4 utilities established pursuant to [chapter 388](#), may contract
5 pursuant to [chapter 28E](#) for joint billing or collection, or
6 both, of combined service accounts for utility or enterprise
7 services, or both. The contracts may provide for the
8 discontinuance or disconnection of one or more of the city
9 utility or enterprise services if a delinquency occurs in the
10 payment of any charges billed under a combined service account.

11 *c.* One or more city utilities or combined utility systems,
12 including city utilities established pursuant to [chapter 388](#),
13 may contract pursuant to [chapter 28E](#) with one or more sanitary
14 districts established pursuant to [chapter 358](#) for joint billing
15 or collection, or both, of combined service accounts from
16 utility services and sanitary district services. The contracts
17 may provide for the discontinuance or disconnection of one or
18 more of the city water utility services or sanitary district
19 services if a delinquency occurs in the payment of any charges
20 billed under a combined service account.

21 Sec. 4. Section 476.1B, subsection 1, paragraph e, Code
22 2017, is amended to read as follows:

23 *e.* Disconnection of service, as set forth in [section 476.20](#),
24 subsections 1 through 4.

25 Sec. 5. Section 476.20, subsection 5, paragraph a,
26 unnumbered paragraph 1, Code 2017, is amended to read as
27 follows:

28 The board shall establish rules which shall be uniform with
29 respect to all public utilities furnishing gas or electricity
30 relating to deposits which may be required by the public
31 utility for the initiation or reinstatement of service. This
32 subsection shall not apply to municipally owned utilities,
33 which shall be governed by the provisions of section 384.84
34 with respect to deposits and payment plans for delinquent
35 amounts owed. Municipally owned utilities shall not be subject

1 to the board's rules in regards to deposits and payment plans
2 for delinquent amounts owed and repayment of past due debt.

3 EXPLANATION

4 The inclusion of this explanation does not constitute agreement with
5 the explanation's substance by the members of the general assembly.

6 This bill relates to municipal utilities.

7 The bill modifies the terminology throughout Code section
8 384.84(3), which relates to the discontinuance of services by
9 city utilities, by changing references to the discontinuance of
10 services to also include the disconnection of services.

11 Currently, Code section 476.1B provides that a municipally
12 owned utility is not subject to regulation by the Iowa
13 utilities board, subject to certain specified exceptions. One
14 such exception is with regard to disconnection of service,
15 as provided in Code section 476.20. The bill modifies this
16 reference to Code section 476.20 to limit the applicability
17 of board regulation to subsections 1 through 4 of the Code
18 section. This renders provisions contained in Code section
19 476.20, subsection 5, regarding the board establishing rules
20 relating to deposits which may be required by a utility for
21 the initiation or reinstatement of service, inapplicable to
22 municipal utilities.

23 Current Code section 476.20(5) requires the board to
24 establish uniform rules for public utilities with respect
25 to deposits required for the initiation or reinstatement of
26 service. The bill provides that Code section 476.20(5) does
27 not apply to municipally owned utilities, which are governed by
28 the provisions of Code section 384.84 with respect to deposits
29 and payment plans for delinquent amounts owed. The bill also
30 provides that municipally owned utilities are not subject to
31 the board's rules in regards to deposits and payment plans for
32 delinquent amounts owed and repayment of past due debt.